

Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 EA-10 ISO-00 L-03 SS-15 ACDA-12
SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 DOE-15 H-01 INR-10 INT-05 NSAE-00 NSC-05
OMB-01 PM-05 ICA-11 SP-02 STR-07 TRSE-00 /138 W
-----119405 220344Z /70

R 210412Z APR 78
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 3615
INFO AMEMBASSY VIENNA

CONFIDENTIAL KUALA LUMPUR 3292

USIAEA ALSO FOR EMBASSY

E.O.11652: GDS
TAGS: ENRG, MNUC, TECH, PARM, MY
SUBJECT: NEGOTIATION OF AGREEMENT FOR PEACEFUL NUCLEAR
COOPERATION

REF: STAE 93306

1. EMBASSY REVIEWED REF WITH INTEREST BUT, ADMITTEDLY,
WITH SOME CONFUSION ON JUST WHERE WE STAND VIS-A-VIS
MALAYSIA. THUS FAR WE HAVE RECEIVED NO REACTION FROM
MALAYSIAN OFFICIALS ON NUCLEAR NON-PROLIFERATION ACT OF 1978.
HOWEVER, WE BELIEVE THAT MALAYSIANS WILL STILL QUESTION
NEED FOR BILATERAL AGREEMENT GIVEN THEIR STRONG SUPPORT
OF IAEA MECHANISM FOR TRANSFER OF REACTOR AND RELATED FUELS.
IN LATE 1977 WE HAD REACHED THE POINT WHERE NEGOTIATIONS
ON TRILATERAL AGREEMENT AMONG IAEA/MALAYSIA/US WERE
PROCEEDING FAIRLY RAPIDLY AND THERE WAS AGREEMENT ON THE
WORDING. THERE WAS NO INDICATION AT THAT TIME AS TO
ACCEPTANCE OF AN EXCHANGE OF NOTES BETWEEN THE U.S. AND
MALAYSIA. APPARENTLY NEGOTIATIONS IN VIENNA HAVE BEEN
TEMPORARILY SUSPENDED, GIVEN MALAYSIAN INDICATIONS
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THAT THEY MAY PREFER A DELAY IN THE DELIVERY OF THE
REACTOR, AT THE REQUEST OF THE MALAYSIAN GOVERNMENT.

2. THE ABOVE LEADS TO THE QUESTIONS OF A) WHETHER A
TRILATERAL AGREEMENT AMONG IAEA/MALAYSIA AND THE
U.S. IS STILL BEING NEGOTIATED AND, IF SO, WHAT IS THE
STATUS OF THESE NEGOTIATIONS; B) WHETHER WE ARE NOW

ASKING THE MALAYSIANS TO SIGN A BILATERAL AGREEMENT
RATHER TAHN THE PREVIOUS EXCHANGE OF NOTES; AND C)
WHETHER THERE HAS BEEN ANY MALAYSIAN REACTION IN EITHER
WASHINGTON OR VIENNA TO THE NEW LEGISLATION.

3. EMBASSY HAS NOT YET APPROACHED MALAYSIAN GOVERNMENT
WITH MODEL BILATERAL AND WOULD LIKE TO KNOW WHETHER
DEPARTMENT WANTS US TO. QUESTIONS WHICH WE CAN REASONABLY
EXPECT THEM TO ANSWER ARE ONES RELATING TO NEW PROPOSED
SITE AND LATEST DEVELOPMENTS RE TIMING OF DELIVERY OF
REACTOR. PER PARA 13 REF, MALAYSIANS HAVE NEVER
TO OUR KNOWLEDGE BEEN INTERESTED IN FACILITATING EXPANSION
OF U.S.-MALAYSIAN NUCLEAR COOPERATION OVER LONG TERM. THEY
ARE JUST INTERESTED IN DOING WHAT THEY HAVE TO IN ORDER TO
OBTAIN THEIR SMALL RESEARCH REACTOR. THEREFORE, ASSURANCE
THAT PROVIDING DRAFT BILATERAL AGREEMENT DOES NOT REFLECT
LESSENING OF US PLEDGE TO PROVIDE RESEARCH REACTOR AND
FUEL THROUGH IAEA, DOES NOT REALLY ADDRESS THE PROBLEM.
IN SHORT, ARE WE BACK TO SQUARE ONE ON THE
BILATERAL AGREEMENT ISSUE?

4. WE WOULD APPRECIATE DEPARTMENT COMMENTS ON THE ABOVE WITH
ANY ADDITIONAL INSIGHT VIENNA MAY BE ABLE TO PROVIDE.
WE WOULD ALSO APPRECIATE ANY QUESTIONS YOU MIGHT WISH
ANSWERED FROM THIS END. ARMED WITH BOTH CLARIFICATION OF
WHERE WE STAND AND QUESTIONS, EMBASSY WILL BE HAPPY TO
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CONTACT MALAYSIAN OFFICIALS FOR THEIR VIEWS ON THE
SUBJECT.
MILLER

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